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Kane

10/16/09

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Introduced:

Referred:

A BILL**FOR AN ACT ENTITLED**

1 "An Act declaring a state energy policy."

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * Section 1. AS 44.99 is amended by adding a new section to read:

4 **Sec. 44.99.115. Declaration of state energy policy.** (a) The State of Alaska
5 recognizes that economic prosperity is linked to the sustainability, availability,
6 reliability, and affordability of consumer and industrial energy supplies. Therefore, it
7 is the policy of the state to promote an adequate, reliable, and sustainable supply of
8 energy from domestic sources at an affordable cost to the users, the environment, and
9 the state. The policy serves as a foundation to the state's well-being and provides a
10 pathway to economic prosperity for current and future generations of Alaskans.

11 (b) The state energy policy is made up of individual components that are
12 intended to augment each other and together provide a set of guiding principles for an
13 overall policy direction for the state. To support those policies, the state is committed
14 to creating an energy policy related to

15 (1) buildings and community facilities by

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1 (A) promoting statewide energy-efficiency codes for new and
2 renovated residential, commercial, and public buildings;

3 (B) incorporating energy-efficient technologies in new public
4 buildings;

5 (C) critically analyzing public capital projects using life-cycle
6 costing and clearly identifying the operating costs and funding sources;

7 (D) promoting construction of low-cost, energy-efficient
8 homes;

9 (E) promoting incentives to municipalities and boroughs for
10 energy-efficient residential, commercial, and public buildings;

11 (2) climate change by considering the effects of global climate change
12 when determining the best energy solutions for the state;

13 (3) energy conservation and efficiency by promoting energy
14 conservation by various means that may include education, technical assistance,
15 development of use technologies, and perhaps direct assistance, recognizing that
16 energy conservation is in the best interests of Alaskans and that efforts directed toward
17 conservation can be more cost-effective than development of additional energy
18 resources;

19 (4) economic development by

20 (A) striving to create opportunities with expenditures on
21 infrastructure that will help to increase the number of energy-related jobs and
22 careers for Alaskans;

23 (B) building a trained workforce that can adapt to changes in
24 the labor market and establishing a workforce development program to ensure
25 that residents have opportunities to obtain new energy-related jobs;

26 (C) developing infrastructure to support job creation, value-
27 added exports, and wealth retention;

28 (D) promoting public-private partnerships;

29 (E) attracting select industries to help develop the state;

30 (F) identifying how to invest money in effective technologies
31 that benefit Alaskans;

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1 (G) using state money to develop the state's economic and
2 energy base;

3 (H) allowing market forces to drive prudent development and
4 use of energy resources;

5 (5) education by

6 (A) developing information and providing it to all parties,
7 including private industry, publicly owned organizations, and energy users;

8 (B) promoting and participating in the collection, archiving,
9 analysis, and dissemination of information needed to conduct energy activities;

10 (C) fostering and participating in education and research and
11 development of energy technologies specifically useful in the state;

12 (D) developing an energy education program for grades
13 kindergarten through 12;

14 (E) investing in Alaska labor through postsecondary education
15 and technical training;

16 (F) developing a trained Alaska workforce that can provide
17 service from concept, to construction, to business success;

18 (G) encouraging patents for intellectual products;

19 (H) building a robust energy research and education program;

20 (6) electricity and heating by

21 (A) developing sustainable, stably priced energy resources to
22 provide transportation, heat, and electricity to Alaskans and diversifying the
23 state's energy portfolio;

24 (B) promoting the rational development of resources and
25 infrastructure;

26 (C) contributing to the national energy supply;

27 (D) reducing dependence on international energy resources;

28 (E) allowing market forces to drive prudent development and
29 use of energy resources;

30 (F) reducing reliance on fossil fuels;

31 (G) promoting economic stability;

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1 (H) seeking to lead the world in clean energy production;

2 (I) increasing the use of electricity from clean sources;

3 (J) promoting economically sound and environmentally
4 responsible development of resources and infrastructure to meet the state's and
5 the nation's growing energy demand;

6 (K) promoting energy reliability and security for the state;

7 (L) developing flat-priced, zero-fuel-cost energy resources as
8 part of a diversified energy supply portfolio;

9 (M) creating and maintaining an energy development
10 environment that provides for reasonable and stable prices;

11 (N) decreasing energy consumption through conservation
12 measures and energy-efficient technologies;

13 (O) optimizing the use of off-peak energy production by using
14 new technologies;

15 (P) conducting necessary energy-related regulatory activities
16 efficiently and cost-effectively and, to the extent practicable, in coordination
17 with other state activities, because state government should take the primary
18 role in regulatory activities;

19 (Q) coordinating closely with the federal government, which
20 has been conducting energy programs in the state and may continue those or
21 similar programs in future, so that the combined federal and state activities are
22 mutually complimentary and are directed toward the long-term benefit of
23 Alaskans;

24 (R) encouraging local and regional energy self-sufficiency to
25 mitigate the effects of natural and man-made disasters, because the state is
26 highly susceptible to natural disasters and, as a noncontiguous state that
27 occupies a strategic location in world affairs, may be susceptible to man-made
28 disasters;

29 (S) if it is in the financial interest of the state to do so,

30 (i) continuing to own existing power production and
31 transmission systems;

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(ii) avoiding ownership of new generation facilities if local or regional utilities can plan and build the facilities at a lower combined cost to the state and consumers and being involved in the planning, building, and financing of transmission facilities in those cases in which utilities or the private sector cannot provide the facilities at lower combined cost to the state and consumers;

(T) recognizing the need to

(i) avoid rate shock, particularly in those rural areas of the state where energy costs are high;

(ii) avoid actions that create rate shock;

(iii) pursue strategies intended to achieve the lowest combined cost to the state and consumers;

(U) integrating and modifying various energy programs, where necessary, to serve the needs of Alaskans effectively with the least overall cost, because the state's current mix of energy programs may not be as efficient and cost-effective as they should be and some programs may work at cross-purposes to others;

(V) making the state's copious energy resources, including petroleum crude, natural gas, coal, hydropower, geothermal energy, wind energy, and biomass, available for development;

(W) identifying the highest and best use for Alaskans of each resource;

(X) using energy resources first for Alaskans;

(Y) conducting the state's energy activities with a high awareness of differing regional needs, recognizing the diversity of Alaska's peoples, the variety of settings in which they live, and the distinctly different climatic zones in which they live;

(Z) emphasizing the special energy needs of rural areas, given the high cost of energy in rural Alaska and the relative insecurity of rural Alaska economic and energy systems;

(7) financing by

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1 (A) assisting, as necessary, or when state funds are involved, in
2 planning activities required to accommodate the future energy needs of the
3 state;

4 (B) continuing to invest in regional energy projects and
5 allowing regional participation in the costs and benefits of regional projects;

6 (C) using appropriate incentives and other methods to ensure
7 the optimal long-term development and use of energy resources for the benefit
8 of current and future generations of Alaskans;

9 (D) providing funding for immediate or short-term programs
10 that address current energy requirements while long-term solutions are
11 developed;

12 (E) preparing an energy vision for the state and providing
13 financing tools, including revolving loan funds with strategic grant programs to
14 help build an understanding or provide knowledge of a particular technology or
15 fuel source, to assist in implementing the energy vision of the state,
16 recognizing that funds are available to finance energy projects;

17 (F) investing in new energy supplies only when adequate
18 financial returns can be realized;

19 (G) investing in renewable technologies and resources;

20 (H) critically analyzing projects using life-cycle costing;

21 (I) providing assistance to local and regional organizations by
22 offering market-rate loans, assisting entities to obtain loans from other sources
23 at the lowest cost, and underwriting state infrastructure investment, because the
24 state, at no or minimal cost to itself, can sometimes assist local and regional
25 organizations in reducing capital costs of energy-related projects;

26 (J) seeking to develop a climate that fosters private industry
27 and, in general, not competing with private enterprise, in order to use free-
28 market forces to bring about the most effective uses of energy at an affordable
29 cost;

30 (8) fossil fuel production and exports by recognizing that worldwide
31 supply and demand for fossil fuels and concerns about global climate change will

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1 affect the price of fossil fuels;

2 (9) research by

3 (A) investing in research to discover new technologies for
4 energy delivery and reliability and applying those new technologies to energy
5 projects when feasible;

6 (B) investing in applied energy research that can result in a
7 short-term reduction in energy costs and spur energy investment in the state
8 related to emerging technologies;

9 (C) developing technologies, resources, and demonstration
10 projects that can be developed to enhance the sustainability of Alaska
11 communities;

12 (10) transportation fuels by

13 (A) promoting safe and efficient transportation systems;

14 (B) seeking solutions that reduce the use of gasoline and diesel
15 as motor fuels;

16 (11) governmental coordination by

17 (A) reviewing and streamlining regulatory processes to balance
18 the economic costs of review with the level of review necessary to protect the
19 public interest;

20 (B) collaborating with federal agencies to achieve the state's
21 energy policy goals;

22 (C) encouraging utilities to consolidate resources when
23 feasible;

24 (D) continuing to invest in regional energy projects;

25 (E) supporting regional initiatives for fuel purchase and storage
26 and energy diversification, conservation, and education.